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VIA FCC ELECTRONIC COMMENT FILING SYSTEM

October 14, 2009

NOTICE OF EX PARTE COMMUNICATION

Ms. Marlene Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: GN Docket No. 09-51 (National Broadband Plan

Dear Ms. Dortch:

On December 3, 2009, YourTel America emailed the following document to Jessica Strott, Consumer Adoption Analyst with the Broadband Task Force.

Respectfully submitted,

/s/Matt Connolly
Matt Connolly
Special Projects Manager
YourTel America, Inc.

YourTel America, Inc.

The Case for Prepaid DSL – Data and Details

To penetrate low income markets, innovation and entrepreneurialism will be required. Only entrepreneurs can micro focus on key barriers to adoption and create offerings attractive to customer groups with which they have expertise. The following barriers can be overcome by this approach:

1. **Language.** Many Americans are non-English speaking and many who speak English as a second language prefer their native language, particularly when spending money. One or two companies offering an essential service like Broadband cannot be expected to create the ability to communicate in as many languages as exist in a country as diverse as the United States. Furthermore, the economics to build such a complex organization is likely impossible particularly when you consider the number of dialects in addition to languages. The incremental cost of each likely outweighs the revenues gained. It is therefore proposed that a robust wholesale market is necessary by bringing companies that already communicate with these populations into the fold and giving them the ability to add broadband to their existing service offerings creating a win for them as well as the carrier and the consumer. As noted below, over 42 Million people in the US do not speak English at home, not including Native American languages.

According to the 2000 census, the main languages by number of speakers older than five are:	
English	215,000,000.00
Spanish	28,000,000.00
Chinese languages	2,000,000.00
French	1,600,000.00
German	1,400,000.00
Tagalog	1,200,000.00
Vietnamese	1,010,000.00
Italian	1,010,000.00
Korean	890,000.00
Russian	710,000.00
Polish	670,000.00
Arabic	610,000.00
Portuguese	560,000.00
Japanese	480,000.00
French Creole	450,000.00
Greek	370,000.00
Hindi	320,000.00
Persian	310,000.00
Urdu	260,000.00
Gujarati	240,000.00
Armenian	200,000.00

With regard to different dialects, Wikipedia outlines four major dialects of Spanish including North, Central and South American as well as Caribbean that are all prevalent in the US as well as a variety of European dialects with a total of 12 spoken worldwide. When this variant is added to the above list it is clear that communicating to these populations will be complex. In order to get adoption and to get these populations to spend limited resources it will take monumental outreach. This is due to the reality that these groups –many of which are new to the US - will not purchase a new innovative product without a comfort level and that comfort cannot be achieved without communicating to them in their native language and dialect.

2. **Non-Banked consumers.** Far too many Americans do not participate in the modern banking system. Many due to past mistakes, many due to cultural norms and many who simply lack the funds to maintain a minimum balance. As multinational and national companies have sought efficiencies over the past several years they have eliminated their local presence and consumers without access to banking and credit therefore simply cannot transact business with them.

According to the Center for Financial Services Innovation, 2005 presentation “as many as 22 million households – 20% of U.S. households – are unbanked “ This signifies an enormous gap in the likely of success without overcoming this challenge to broadband adoption. Furthermore they state that “the combined unbanked and sub-prime credit population may be 30-40 million households” and that was before the current economic crises that has undoubtedly added to the numbers of households affected.

Quite surprisingly, the Center for Financial Services Innovation also states that “Half of unbanked households were formerly banked.” The goal of the NOI is sustainable broadband. Even if household are only sometimes unbanked how can we expect then to have sustained access to broadband if we cannot get the product sold to them in a way that accounts for their unbanked status.

source: www.frbsf.org/community/resources/cfsipresentation.ppt

3. **Prepaid Communications.** Obviously the advantages of prepaid dial tone and wireless are attractive for many consumers. The no contract, no deposit offerings speak to the need as outlined here. These consumers lack the credit for basic dial tone and wireless contracts. With a similar offering for broadband these consumers will be brought into the digital age. Failure to account for these needs will result in these consumers again being left behind as they were before prepaid dial tone and prepaid wireless.

Prepaid dial tone also remains a significant market with many prepaid carriers utilizing the link-up and lifeline as part of their business model.

Using the USAC website and looking just at the state of Louisiana the disbursement data indicates there at six such carriers with approximately 30,000 customers.

Source: <http://www.universalservice.org/li/telecom/step07/disbursement-tool.aspx>

Prepaid wireless, often a substitute for dial tone but functionally limited for broadband has reached significant proportions. “About 17% of the US wireless subscribers are prepaid customers, [said CTIA](#). Among the major prepaid carriers, T-Mobile and Virgin Mobile each have about 5 mln users; Boost Mobile, owned by Sprint, has 4 mln and Verizon Wireless has 3 mln, according to Current Analysis”

Source: <http://www.itfacts.biz/17-of-us-wireless-subscribers-are-prepaid-customers/11786>

Furthermore prepaid wireless makes a stunning comparison. According to Atlantic-ACM “MVNOs are key growth vehicles in the wireless space,” said Fedor Smith, ATLANTIC-ACM's director of strategy. “Traditional postpaid wireless market penetration is near the saturation stage in the U.S., and in terms of revenue, prepaid wireless growth will significantly outpace postpaid growth through the end of the decade as the prepaid wireless space nearly quadruples. Prepaid telephony has long been the domain of niche marketers that are better equipped than industry giants to meet the needs of ethnic, youth, unbanked and other key segments (emphasis added) that rely on prepaid products and services. MVNOs are powerhouses in wireless telephony that will capture more than two-thirds of prepaid subscribers by 2010.”

Source: http://findarticles.com/p/articles/mi_m0EIN/is_2006_Jan_30/ai_n16032868/

Clearly, MVNO's (resellers) have addressed the markets that we as a nation must penetrate but how can we without rules designed to create the same successful market dynamic.

4. **Localism.** To effectively serve diverse populations the company must not only speak the language, have an effective model to conduct business and an offering they meets the consumers needs but it must have the ability to support its customers locally which requires a recurring revenue stream to support he operations as well as a network of locations. If done right, wholesale distribution will ultimately reach to the neighborhood and the businesses in the community, adding to that neighborhood's local economy.

According to the Initiative for a Competitive Inner City, "Attracting retail businesses to inner cities has multiple benefits: easy access to reasonably priced goods and services for consumers; jobs for residents; neighborhood improvement and catalyst for further development; and business opportunities for retailers and developers." And that "Inner cities remain a significant untapped retail market. Unmet demand is estimated to be over \$40 billion. To put this in perspective, the \$40+ billion inner city retail gap is larger than the total retail markets of twenty-six states." Clearly these consumers need retail access to broadband and as ICIC points out retail is not mature in many inner cities and as such to be successful broadband will need to be distributed through existing retail.

In addition to create this market, there will be benefits for all involved as ICIC further demonstrates that "Indigenous retailers have succeeded by providing products and services targeted to the preferences of inner city consumers. They often complement, rather than compete with, large national companies."

Source: http://www.icic.org/site/c.fnJNKPNhFiG/b.3472511/k.2421/Retail_2007.htm

In conclusion, no one company can be all things to all consumers and without diversity of offerings and innovation the US will not be able to penetrate low-income diverse markets. To be successful the product must reach the existing and proven distributions channels that currently serve these markets. This can only be done through intra-modal competition.